



**LEG**  
*gewohnt gut.*

**LEG Immobilien AG**

**Q1 – Q3 Results 2013**

27<sup>th</sup> November 2013

# Disclaimer

While the company has taken all reasonable care to ensure that the facts stated in this presentation are accurate and that the opinions contained in it are fair and reasonable, this presentation is selective in nature and is intended to provide an introduction to, and an overview of the Company's business. Any opinions expressed in this presentation are subject to change without notice and neither the Company nor any other person is under any obligation to update or keep current the information contained in this presentation. Where this presentation quotes any information or statistics from any external sources, you should not interpret that the Company has adopted or endorsed such information or statistics as being accurate.

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realised from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation, and supply and demand. The Company has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and the Company does not undertake any duty to update the information and forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

This presentation does not constitute an offer or invitation to purchase or sell any shares in the Company and neither this presentation or anything in it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

# Agenda

- I. Highlights Q1–Q3 2013
- II. Portfolio and Operating Performance
- III. Financial Performance
- IV. Business Update and Outlook
- V. Appendix

## I. Highlights Q1–Q3 2013

# Highlights Q1–Q3 2013

## Overall Company Development

- Acquisition of approx. 4,200 units in the past months in four off-market transactions
- Well on track to reach acquisition targets
- Overall good start with the integration of the acquired units
- Higher free-float (63.22%) and index-weightings post secondary placement

## Sound Underlying Operational Performance

- In-place rent €4.94 /sqm (+1.9% YOY; +2.1% adjusted for vacancy reduction)
  - Accelerating momentum for Q4 expected
- Occupancy at 97.2% on L-F-L basis (+80bps YOY; 97% including acquisitions); Positive development across all segments
- Slightly higher maintenance/turn costs due to strong letting momentum
  - 9M-2013 capex/maintenance of €9.30 /sqm line with FY-2013 budget of c. €14 /sqm
  - FY-2013 capex /maintenance ratio expected to revert to historic average of approx. 50/50

## Financial Performance Firmly on Track for FY Targets

- Rental income €269.2m (+4.4% YOY from €257.8m)
- Adjusted EBITDA €170.3m (-0.1% from €170.5m); +5.1% adjusted for higher maintenance
- FFO I €103.5m (+2.3% from €101.2m)
- AFFO €79m (+4.9% from €75.3m)
- NAV €2,446.3m / €46.19 per share (+ 3.3% from Q4-2012; €0.41 dividend payout in Q3)



## II. Portfolio and Operating Performance



**LEG**  
*gewohnt gut.*



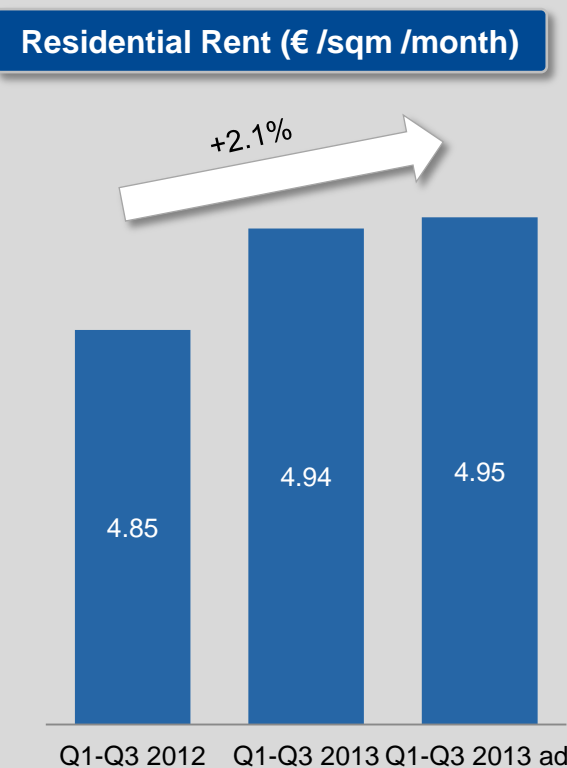
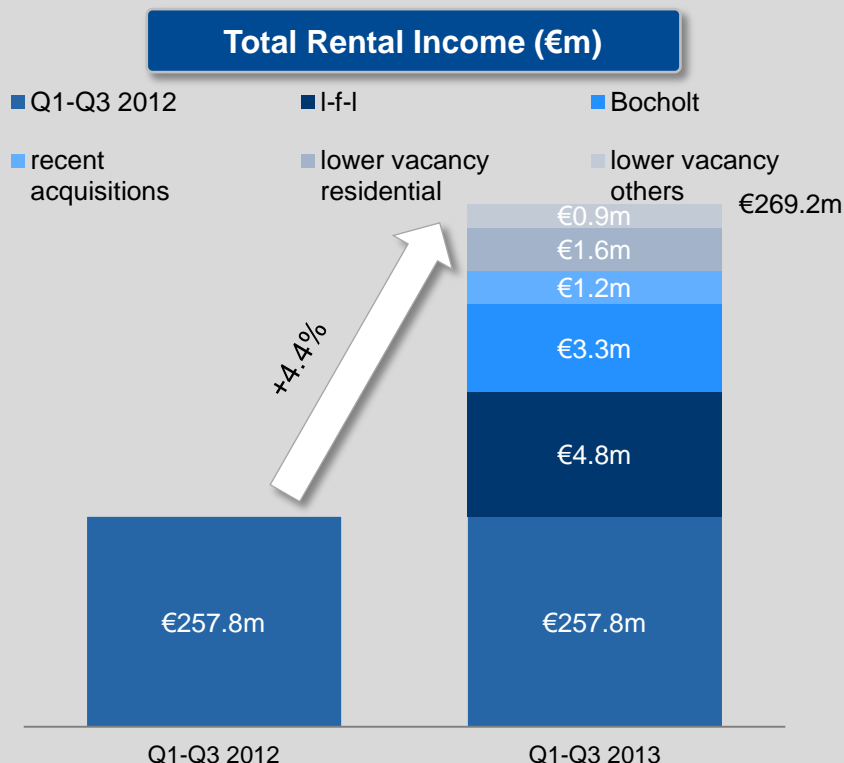
\*\* adjusted for vacancy reduction

\* due to negative one-off effect from refinancing of subsidised loans in Q4-2012 (adjusted growth +2.0%)

(#. #%) = occupancy rate excl. acquisition-effect

# Rent Development

## Sound Organic Growth – Accelerating Momentum Ahead for Q4



- Organic rent growth of +2.6% YOY
- Negative one-off from refinancing of subsidised loans in Q4-2012 (impact: €1.2m p.a.; c.30bps ); Effect expires in Q4-2013
- Significant vacancy reduction in Green and Purple markets; adjusted rent growth of +2.1% shows rent dynamics



# Occupancy Development

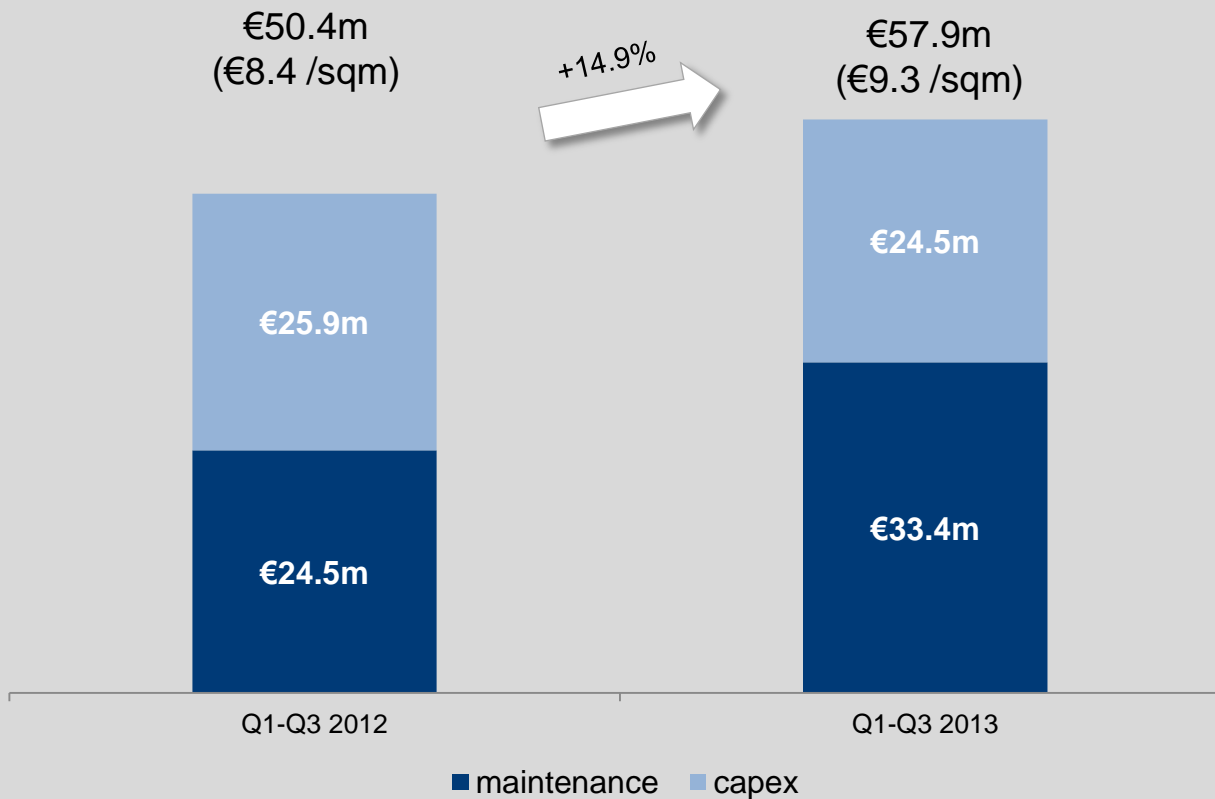
## Very Low Vacancy Provides Evidence for Quality of Assets



- Adjusted for recent acquisition vacancy rate of only 2.8% /-80bps YOY (top position among German residential peers)
- LEG benefitting from favourable demand/supply environment
- Positive development across all sub-markets with strong letting performance in Green and Purple markets:
  - Well-maintained asset base, good quality of micro locations, re-organisation of management platform

# Capex & Maintenance

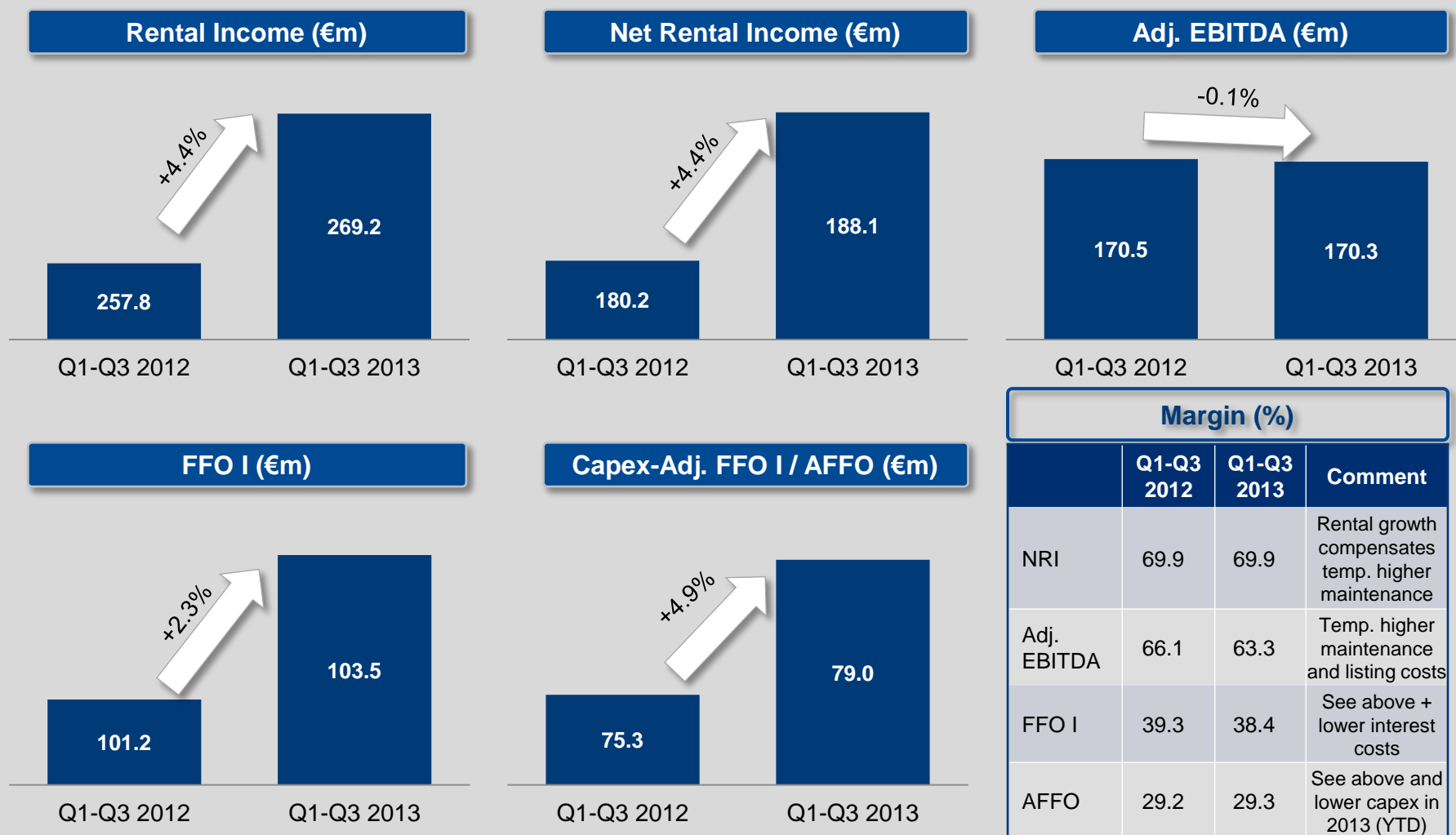
## Temporary Higher Maintenance/Capex due to Strong Letting Performance



- Higher maintenance/turn costs due to strong letting momentum
- Investments yielding attractive returns
- 9M-2013 capex/maintenance in line with FY-2013 budget of c. €14 /sqm
- Capex/maintenance ratio expected to revert to approx. 50/50 for FY 2013 (Q1-Q3: 42.3%)
- Further decrease in vacancy in Q4-2013 expected

### III. Financial Performance

# Financial Highlights Q1–Q3 2013



# Income Statement Q1–Q3 2013

Condensed Income Statement (€ million)	2012	Q1-Q3 2013	Q1-Q3 2012
Net rental and letting income	247.7	188.1	180.2
Net income from the disposal of investment property	-1.4	-0.8	-1.2
Net income from the valuation of investment property	120.3	--	109.3
Net income from the disposal of real estate inventory	-1.8	-1.4	-1.3
Net income from Other services	3.0	1.9	3.4
Administrative and Other expenses	-59.4	-38.3	-34.5
Other income	1.7	0.5	2.1
<b>Operating earnings</b>	<b>310.1</b>	<b>150.0</b>	<b>258.0</b>
Net finance costs	-195.6	-90.7	-144.3
<b>Earnings before income taxes</b>	<b>114.5</b>	<b>59.3</b>	<b>113.7</b>
Income tax expense	-2.4	-7.4	-5.6
<b>Consolidated net profit</b>	<b>112.1</b>	<b>51.9</b>	<b>108.1</b>

- Higher rental income (+€11.4m/+4.4%); organic growth (+2.6%)
- Higher maintenance expenses (-€8.9m)
- Lower vacancy costs (+€1.5m)
- Lower opex (incl. bad debt)

- €2.5m Long Term Incentive Plan – non-cash pass-through item
- €4.1m risk provision for former development project
- Recurring admin. costs of €26.1m

- Lower cash interest (€67m vs. €70.6m)
- Lower non-cash loan amortisation (mainly due to refinancing effect in 2012)
- 9M-2012 burdened by €26m prepayment penalties

- Deferred taxes (thereof cash taxes: +€0.2m)

# Adjusted EBITDA Q1–Q3 2013

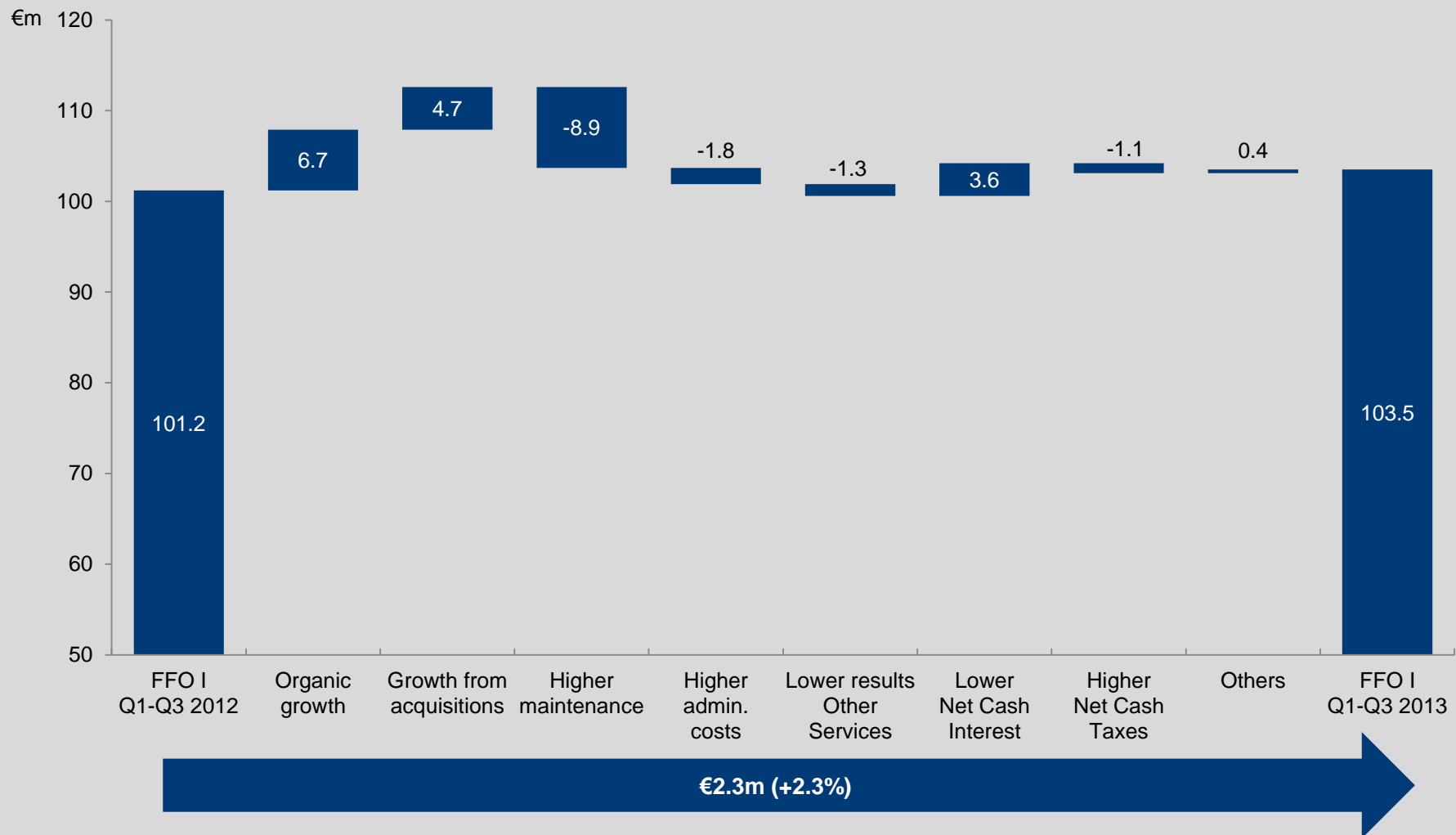
€ million	2012	Q1-Q3 2013	Q1-Q3 2012	
<b>EBITDA</b>	<b>318.7</b>	<b>156.5</b>	<b>264.5</b>	<ul style="list-style-type: none"> <li>Q3-2013 contained revaluation gains of €109.3m (next appraisal Q4-2013)</li> <li>€8.9m higher maintenance cost in 9M-2013</li> </ul>
Net income from the valuation of investment property	-120.3	--	-109.3	
Long-term incentive program (LTIP)	0.0	2.6	--	
Non-recurring project costs	20.3	5.8	14.0	<ul style="list-style-type: none"> <li>Refinancing fees (€2.1m)</li> <li>Restructuring costs</li> <li>Other one-time charges (incl. IPO related costs)</li> </ul>
Extraordinary and prior-period expenses and income	1.2	3.2	-1.2	
Net income from the disposal of investment property	1.4	0.8	1.2	<ul style="list-style-type: none"> <li>€4.1m risk provision for a former development project</li> </ul>
Net income from the disposal of real estate inventory	1.8	1.4	1.3	
<b>Adjusted EBITDA</b>	<b>223.1</b>	<b>170.3</b>	<b>170.5</b>	<ul style="list-style-type: none"> <li>Winding down of former development business</li> <li>Disposals at €1.5m premium to book values of €4.3m</li> <li>Inventories: €12.5m</li> </ul>

# FFO Calculation Q1–Q3 2013

€ million	2012	Q1-Q3 2013	Q1-Q3 2012	
<b>Adjusted EBITDA</b>	<b>223.1</b>	<b>170.3</b>	<b>170.5</b>	
Cash interest expenses and income	-90.1	-67.0	-70.6	<ul style="list-style-type: none"> <li>Lower interest costs post refinancing (Ø3.3% Q1-Q3 2013 vs. 3.6% in Q1-Q3 2012)</li> </ul>
Cash income taxes	3.5	0.2	1.3	<ul style="list-style-type: none"> <li>Tax reimbursement in Q1-2012 (€1.5m)</li> </ul>
<b>FFO I (not including disposal of investment property)</b>	<b>136.5</b>	<b>103.5</b>	<b>101.2</b>	
Net income from the disposal of investment property	-1.4	-0.8	-1.2	
<b>FFO II (including disposal of investment property)</b>	<b>135.1</b>	<b>102.7</b>	<b>100.0</b>	
Capex	-41.5	-24.5	-25.9	
<b>Capex-Adjusted FFO I (AFFO)</b>	<b>95.0</b>	<b>79.0</b>	<b>75.3</b>	<ul style="list-style-type: none"> <li>€7.5m higher capex &amp; maintenance (YOY)</li> </ul>



## FFO Bridge Q1–Q3 2013



## Focus: Cash Effective Interest Expense Q1–Q3 2013

€ million	Q1-Q3 2013	Q1-Q3 2012
Reported interest expense	95.2	145.7
Interest expense related to loan amortisation	-18.2	-38.3
Refinancing fees	-2.9	-0.6
Prepayment penalties	0.0	-25.8
Interest on shareholder loans	-0.2	-0.9
Interest charges relating to valuation of assets/liabilities	-1.9	-2.6
Leasing related interest expense	-1.2	-1.2
Interest expenses related to changes in pension provisions	-2.9	-3.4
Other interest expenses	0.0	-0.9
Interest income	-0.9	-1.3
<b>Cash effective interest expense</b>	<b>67.0</b>	<b>70.7</b>

- Effect from refinancing in 2012
- Smaller positive effect from rising interest rates in Q3

# EPRA-Net Asset Value Q1–Q3 2013

€ million	30.09.2013	2012
<b>Equity*</b>	<b>2,184.0</b>	<b>2,085.5</b>
<b>Note: Shareholder loans to be converted in to equity</b>	--	40.5
Effect of exercising options, convertible loans and other rights	--	0.0
<b>NAV</b>	<b>2,184.0</b>	<b>2,085.5</b>
Fair value of financial derivatives	53.6	89.7
Deferred taxes	208.7	193.1
<b>EPRA NAV</b>	<b>2,446.3</b>	<b>2,368.3</b>
Number of shares outstanding (m)	52,963	52,963
EPRA NAV per share in €	46.19	44.72

- €40.5m increase from shareholder debt-to-equity swap in Q1-2013

- Rising interest rates with positive impact on valuation of interest hedges

- No portfolio revaluation during FY-2013
- Next appraisal: end 2013

\* including minorities

# Balance Sheet Q1–Q3 2013

## Strong Balance Sheet Secures Defensive Profile and Paves Way for Growth

€ million	30.09.2013	2012	
Investment property	5,050.6	4,937.1	<ul style="list-style-type: none"> <li>▪ Capex €24.4m</li> <li>▪ Acquisitions €89.1m (net)</li> </ul>
Prepayment for investment property	13.8		
Other non-current assets	106.0	114.1	<ul style="list-style-type: none"> <li>▪ For acquisition consolidated as of Oct.</li> </ul>
<b>Non-current assets</b>	<b>5,170.4</b>	<b>5,051.2</b>	
Receivables and other assets	62.2	50.7	
Cash and cash equivalents	43.0	133.7	
<b>Current assets</b>	<b>105.2</b>	<b>184.4</b>	
<b>Assets held for disposal</b>	<b>2.8</b>	<b>2.2</b>	
<b>Total Assets</b>	<b>5,278.4</b>	<b>5,237.8</b>	
<b>Equity</b>	<b>2,184.0</b>	<b>2,085.5</b>	
Non-current financial liabilities	2,390.6	2,102.9	<ul style="list-style-type: none"> <li>▪ Closing of several refinancing in Q1-2013</li> </ul>
Other non-current liabilities	455.2	480.2	
<b>Non-current liabilities</b>	<b>2,845.8</b>	<b>2,583.1</b>	
Current financial liabilities	127.0	396.8	
Other current liabilities	121.6	172.4	
<b>Current liabilities</b>	<b>248.6</b>	<b>569.2</b>	
<b>Total Equity and Liabilities</b>	<b>5,278.4</b>	<b>5,237.8</b>	

## LTV Q1–Q3 2013

### Ample Liquidity for Acquisitions and Headroom to Enhance LTV (max. 55%)

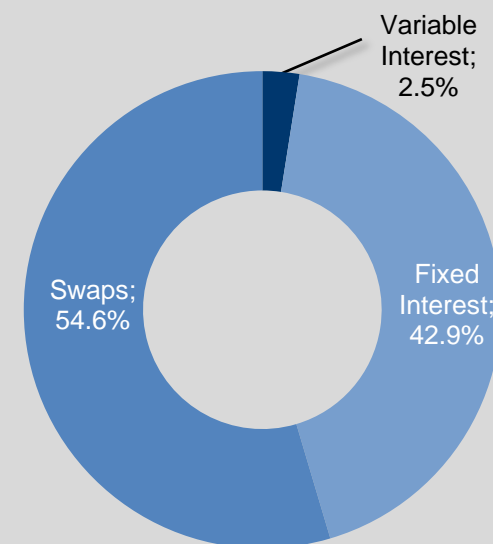
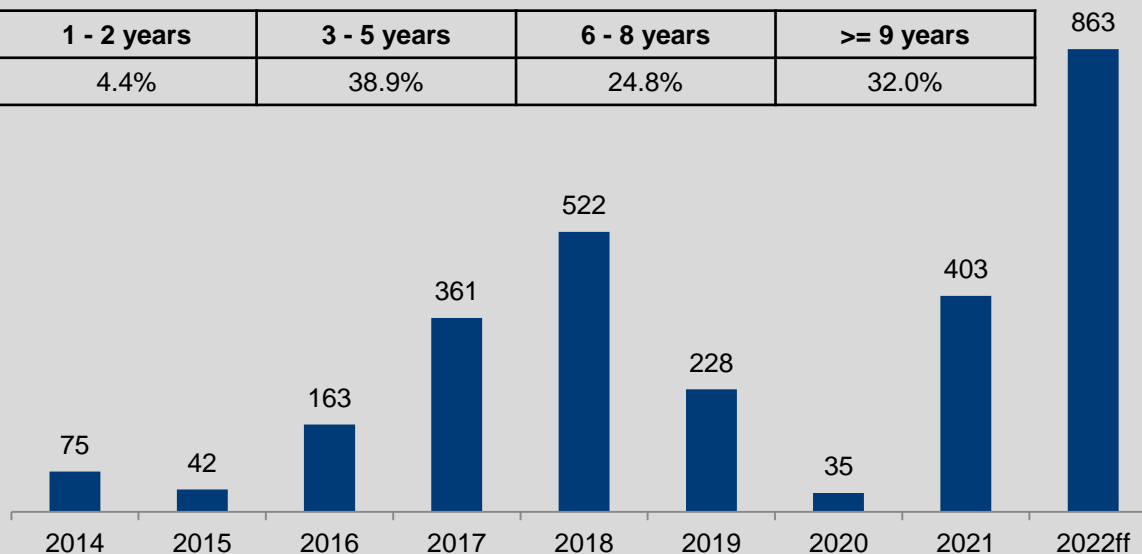
€ million	30.09.2013	2012
Financial debt	2,517.6	2,499.7
Cash & cash equivalents	43.0	133.7
<b>Net Debt</b>	<b>2,474.6</b>	<b>2,366.0</b>
Investment properties	5,050.6	4,937.1
Properties held for sale	2.8	2.2
Prepayment for investment properties	13.8	-
	<b>5,067.2</b>	<b>4,939.3</b>
<b>Loan to Value (LTV) in %</b>	<b>48.84</b>	<b>47.90</b>

- Liquidity for acquisitions of c. 10,000 units (4,200 already signed)
- LTV headroom for total of c. 18,000 units

# Financing Structure Q1–Q3 2013

## LT Secured Debt, Well-Balanced Maturity Profile, Low Cost of Debt

1 - 2 years	3 - 5 years	6 - 8 years	>= 9 years
4.4%	38.9%	24.8%	32.0%



Average debt maturity:

▪ approx. 11 years

Interest costs:

▪ Ø 3.3%

Hedging ratio:

▪ 97.5%

**No major refinancing before 2016**

## IV. Business Update and Outlook



# Business Update

## Accelerating Deal Momentum Expected

### Acquisitions:

- Successful signing of c. 4,200 units in core markets YTD (off-market transactions)
- Several smaller and mid-sized portfolios in due diligence process
- Well on track to reach FY-2013 target of 5,000 units / total of 10,000 units by end of FY-2014
- Financial flexibility and broad presence in core market are key success factors

### Successful integration of the acquired portfolios






- Integration of c. 2,700 units in August and c. 800 units in October
- Overall positive operational performance of the acquired portfolios (initial FFO Yield >8%)
- Budgeted higher turn costs are expected to trigger additional positive letting momentum

### Rising free float post secondary placement

- As a result of the secondary placement (7m shares) the free float climbed to 63.22%
- Deal execution and positive share performance signal high investor demand
- Rising index weightings in the MDAX and the EPRA indices

# Acquisitions in Q1–Q3 2013 – Strong Transaction Momentum

## Track Record

	Bocholt	Dortmund, Essen, Bochum	Osnabrück, Düsseldorf, Minden
<b>Closing Units</b>	mainly Dec.-2012 1,244	01-Aug.-2013 ~2,200	01-Aug.-2013 538
<b>Price</b>	na	na	~€23m*
<b>Initial FFO Yield</b>	>10%	>8%	>8%
<b>Closing:</b> - In place rent /sqm - Vacancy rate	€5.26 /sqm 3.9%	€4.74 /sqm 8.2%	€4.92 /sqm 8.7%
<b>Target:</b> - In place rent /sqm - Vacancy rate	<u>Year 5</u> €6.08 /sqm 1.5%	<u>Year 5</u> €5.25 /sqm 4.3%	<u>Year 5</u> €5.85 /sqm 4.7%
<b>Track Record:</b> - In place rent /sqm - Re-letting - Vacancy rate	€5.41 /sqm €6.74 /sqm (+28%) 2.0% (-190 bps)		
			

Source:  
\* excl. transaction costs

# Acquisitions in Q1–Q3 2013 – Strong Transaction Momentum

## Track Record

### Greater Dusseldorf Region / Solingen

**Closing**  
**Units**  
**Price**  
**Initial FFO Yield**

01 Oct.-2013  
829  
~€34m  
>10%

**Closing:**  
- In place rent /sqm  
- Vacancy rate

€4.92 /sqm  
5.6%

**Target:**  
- In place rent /sqm  
- Vacancy rate

Year 5  
€5.27 /sqm  
4.4%

**Track Record:**  
- In place rent /sqm  
- Re-letting  
- Vacancy rate



### Ruhr Area

08 Nov.-2013  
735  
~€26m  
>8%

€4.86 /sqm  
7.3%

Year 5  
€5.48 /sqm  
4.8%



# Outlook 2013/2014

## Attractive Market Fundamentals Promise Continued Defensive Growth

2013	Guidance
Rental income:	L-F-L rent growth > 2%
Maintenance/Capex:	approx. €14 /sqm (capex ratio c. 50%)
Acquisitions:	10,000 units by end 2014
FFO I:	€138.5m - €141.5m/ €2.62 - 2.67 per share (vs. €133m in 2012*)
Dividend	65% of FFO I

2014	Guidance
FFO I	+10% (excl. future acquisitions)

\* excl. extraordinary tax effect

## V. Appendix

# Mietspiegel Overview

## Expected New Mietspiegel in Q4 2013 and 2014

Release Date (expected)	Growth Market <sup>1</sup>	Stable Market <sup>1</sup>	Higher Yielding <sup>1</sup>	Total Portfolio <sup>1,2</sup>
2013 (Q4)	128 units			128 units
2014 (Q1)	8,491 units (mainly Bonn/Dusseldorf)	10,838 units (mainly Hamm/Solingen)	1,620 units (mainly Hagen/Lunen)	21,038 units
2014 (Q2)	369 units	1,034 units	520 units	1,923 units
2014 (Q3)	209 units	311 units	4,998 units (mainly Gelsenkirchen)	5,518 units
2014 (Q4)	285 units	166 units	1,729 units (mainly Recklinghausen)	2,180 units
<b>Total</b>	<b>9,482 units</b>	<b>12,349 units</b>	<b>8,867 units</b>	<b>30,787 units</b>

<u>Thereof:</u> - Aahlen - Bochum - Bonn - Dusseldorf/Ratingen - Gelsenkirchen - Hamm/Oelde - Kreuztal/Neunk. - Recklinghausen - Solingen - Unna	2,234 units 6,095 units	1,049 units 1,477 units  3,976 units 1,027 units  1,451 units	2,542 units  1,729 units 1,211 units
--	----------------------------	---	---

1) Sub-portfolios also include restricted units

2) Total Portfolio also include 89 units Non NRW

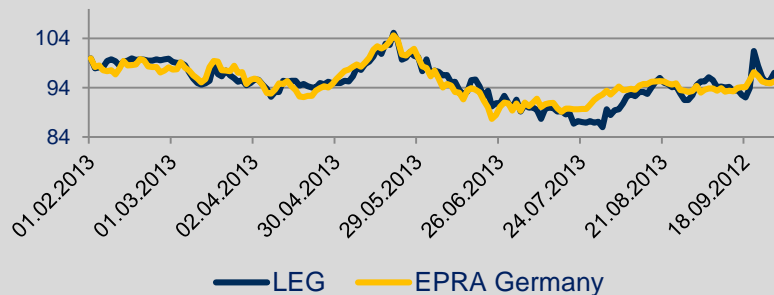
# LEG Share Information

## Basic Data

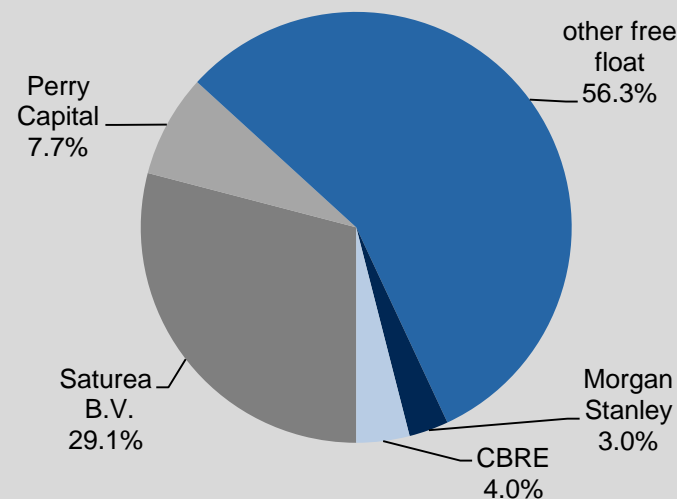
- Prime Standard, Frankfurt Stock Exchange
- Total no. of shares: 52,963,444
- Ticker symbol: LEG
- WKN: LEG111/ ISIN: DE000LEG1110
- Indices: MDAX, FTSE EPRA/NAREIT, GPR 250

## Basic Data

**Aktienkurs (indexiert; 01.02.2013 = 100)**



## Shareholder Structure



- Well-balanced shareholder structure with many property specialists
- Free float 63.22%



# Financial Calendar

Date	Report
27.11.2013	Quarterly Report Q3 as of 30 <sup>th</sup> September 2013
27.03.2014	Annual Report 2013
15.05.2014	Quarterly Report Q1 as of 31 <sup>st</sup> March 2014
25.06.2014	Annual General Meeting
12.08.2014	Quarterly Report Q2 as of 30 <sup>th</sup> June 2014
14.11.2014	Quarterly Report Q3 as of 30 <sup>th</sup> September 2014

# Portfolio (as of 30<sup>th</sup> September 2013)

## Stable Asset Values Driven by Property Fundamentals: Rental Growth and Occupancy

Market	Residential Units	GAV Residential Assets (€m)	% of Total Residential GAV	GAV/sqm (€)	In-Place Rent Multiple	GAV Commercial/ Other Assets (€m)	Total GAV
High Growth Markets	31,542	2,144	45%	1,028	15.8x	179	2,323
Stable Markets with Attractive Yields	33,808	1,499	32%	692	12.9x	82	1,581
Higher Yielding Markets	26,698	1,025	22%	621	11.9x	43	1,068
<b>Subtotal NRW</b>	<b>92,048</b>	<b>4,668</b>	<b>98%</b>	<b>791</b>	<b>13.8x</b>	<b>304</b>	<b>4,973</b>
Portfolio outside NRW	1,477	83	2%	850	14.0x	15	98
<b>Total Portfolio</b>	<b>93,525</b>	<b>4,751</b>	<b>100%</b>	<b>792</b>	<b>13.8x</b>	<b>319</b>	<b>5,070</b>
Other Assets							37
<b>Total (Incl. Landbank and DevCo)</b>							<b>5,108</b>

# Contact

## **LEG Immobilien AG – Investor Relations**

Burkhard Sawazki

Head of Investor Relations

Tel: +49 211 4568 204

[burkhard.sawazki@leg-nrw.de](mailto:burkhard.sawazki@leg-nrw.de)

Frank Hilbertz

Manager Investor Relations

Tel: +49 211 4568 284

[frank.hilbertz@leg-nrw.de](mailto:frank.hilbertz@leg-nrw.de)

Hans-Boeckler-Str. 38

40476 Dusseldorf



**LEG**  
*gewohnt gut.*

**Thank you for your interest.**